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10 October 1986

MEMORANDUM FOR: Deputy Director for Intelligence

FROM: Douglas J. MacEachin
Director of Soviet Analysis

SUBJECT: [REDACTED]

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Deh-

1. Attached is a collection of memos done by various DI offices in

[REDACTED]
[REDACTED] We collected it fairly quickly and informally today, so I cannot
promise every item that went downtown got included although we made an effort
to check with other offices.

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2. I made no effort to collect all the DI inputs made [REDACTED]
products or to collect those final products. I also did not include [REDACTED]
[REDACTED] which I know you have seen as they went out. I thought,
however, that some of the items in this collection may have gone out on short
deadline directly of [REDACTED] NIO/USSR, or other channels without your being
able to gain a picture of the overall support the directorate has rendered.

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[REDACTED]
Douglas J. MacEachin

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Attachment
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SUBJECT: Directorate Support

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DI/SOVA/SIG/SPD/ [REDACTED] (10 Oct)

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Distribution:

Orig - DDI

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10 October 1986

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- A. [Redacted] 25X1
- B. [Redacted] 25X6
- C. [Redacted] 25X6
- D. [Redacted] 25X1
- E. Gorbachev and the Military (SOVA)
- F. The New Soviet Foreign Policy Establishment (SOVA)
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Talking Points for the NSC

Gorbachev and the Military

Summary: Gorbachev's efforts to restrain the growth of defense spending and modify Soviet positions on several sensitive security issues are causing some uneasiness within the military. Gorbachev, however, has demonstrated he can manage the military for now and his Politburo colleagues appear to be giving him time to demonstrate whether his domestic and foreign policies will work.

Gorbachev's Security Policy

1. Gorbachev has made the modernization of the Soviet economy an important part of his security policy. His focus on civilian investment has inevitably challenged the economic priority accorded the military.

- o Accounts of Gorbachev's unpublished speech in Moscow to the military leadership in Minsk in July 1985 claims he told them there would be "zero growth" in the military budget.
- o [REDACTED] some military officers believe Gorbachev intends to budget less for defense, and are dissatisfied because their interests would be adversely affected.
- o Our estimates suggest some increases in defense spending, but it may be less than some military leaders feel they need to keep pace with United States.

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2. To help justify the strategy, he and his political allies have highlighted that economic weakness has security implications.

- o In his interview with the Czechoslovak party daily in September, Gorbachev argued that "if we become stronger and more solid economically, politically, and socially, the capitalist world shows greater interest in normal realtions with us."

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- o Supporters in the Central Committee have noted that Western aggressiveness increased when the USSR began to face serious economic problems in the late 1970s, and a healthy economy was the best guarantee of combatting imperialism.

3. Gorbachev appears to be trying to ease pressure for defense spending by diplomacy and effective public relations.

- o In February, he placed unusual emphasis on the role of diplomacy in national security, telling the party congress that "the nature of today's weapons denies any state the hope of defending itself solely by military-technical means...security is increasingly a political task, and it must be solved by political means."

- o [redacted] 25X1
Gorbachev and his advisors have privately exuded optimism about their ability to play on Western and American public opinion and boost efforts to restrain US defense spending.

- o Gorbachev has taken a number of steps--the nuclear test moratorium, shifts in arms control proposals, offers of troop cuts, shifts in verification policy--that significantly modify Soviet positions.

- o [redacted] 25X1
Gorbachev told the military that such concessions were necessary to achieve an arms control agreement with the United States.

Military Reaction to Gorbachev Defense Policy

4. Military reaction in both public and private commentary range from implicit support to quiet resignation. Gorbachev appears to have a fair amount of support among some officers, who may take a longer term view of national security and may believe their career advancement will depend on their loyalty. Statements by some Soviet military leaders suggest they recognize that future military power demands major improvements in economic performance.

- o Since at least the late 1970s and particularly since Gorbachev's election, some military officers have argued that new weapons systems depended heavily on advanced technologies stressed in his modernization drive.

- o [redacted] Marshal Ogarkov--who has pushed aggressively for conventional modernization and shown concern about Western technological developments--expressed concern in 1981 that economic problems are a major obstacle to sustaining an increased level of military spending. 25X1

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5. While defense industry leaders have a long-term interest in the modernization program, Gorbachev's modernization drive could exacerbate friction in the short term, as military procurement and defense industry modernization increasingly compete for priority with civilian machine building.

- o The military newspaper Red Star published an article last winter by a major general, who expressed uneasiness about the failure of the new party program to include a promise to supply the military with all "modern means" to secure the national defense.
- o Gorbachev allies, Premier Nikolay Ryzhkov and Secretary Lev Zaykov, who oversees defense industries, have publicly advocated more defense industry assistance to the civilian economy and several defense industry managers have been criticized by the Politburo for producing shoddy consumer goods. These developments probably generate some tension with defense industry leaders.

6. Over the longer haul, Gorbachev could face a tougher challenge sustaining support from the military and defense industry managers. While the high level of past investments in defense industry give him breathing space to moderate investment in that sector, he will come under increasing pressure to invest in defense industry for the production of the next generation of weapons toward the end of the decade.

- o The severity of the competition for resources will depend on the success of his modernization strategy.
- o If it falls far short of plan goals, as we now expect, this would force Gorbachev to choose between diverting resources from his modernization goals and stinting on defense industry needs. This choice would be more difficult if his foreign policy strategy--heavily reliant on negotiations to avert major new threats like SDI--fails to bring favorable results.

Security Concerns

7. Gorbachev's foreign and arms control policies appear to be even more controversial with the military than his resource allocation decisions, judging by [] open sources. There has been evidence of military concern on several key fronts.

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- o Arms Control: The military has reportedly been anxious about shifts in the Soviet position to facilitate reengagement with the United States. One Soviet diplomat claimed that members of the military establishment felt that Gorbachev's "bold" proposals gave away too much while the United States had offered nothing in return.

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- o Summit: Chief of the General Staff Sergey Akhromeyev was pessimistic in public [] about prospects for improved relations after the Geneva summit and the military press was restrained in its praise of Gorbachev's performance. 25X1

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- o Far East Initiative: Several sources of the US embassy in Moscow have suggested that the military was not happy with some elements of Gorbachev's July proposals to withdraw some forces from Afghanistan and Mongolia and the possible opening of Vladivostok--the headquarters of the Soviet Pacific Fleet--to foreigners.
- o Moratorium: Several Soviet officials, including Gorbachev, have suggested that the military does not enthusiastically support his nuclear testing moratorium. They may be uneasy about its open-ended nature--its already been extended four times--and their ability to keep pace with SDI without testing. A senior military officer publicly alluded to differences, while denying any military-political rift.
- o Verification: Articles by senior military leaders suggest their continued uneasiness with on-site inspections, and military representatives at some arms fora have resisted intrusive verification as tantamount to espionage despite Gorbachev public statements accepting the principle.

Civilian Echos of Military Concerns

8. Certain of Gorbachev's Politburo colleagues reportedly shared some of the military's uneasiness after last year's summit meeting.

- o Gorbachev's tone at the November 1985 Supreme Soviet following the summit was defensive, stressing the positive nature of American commitments to the reengagement process and the opportunities this afford for influencing public opinion. The Politburo statement on the summit, however, downplayed the atmospherics and stressed the need for progress on SDI. Premier Ryzhkov subsequently argued against those who "belittled" the results, addressing probable criticism.

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- o President Andrey Gromyko reportedly shares some of the military's concerns about Gorbachev's strategy of reengagement with the United States. His public endorsements of the Geneva summit were not as strong as other Politburo members. 25X1

- o [redacted] Ukrainian party boss Vladimir Shcherbitskiy, a full member of the Politburo and longtime supporter of defense interests, acted as a spokesman for some in the military in challenging the wisdom of last year's summit. 25X1

Reshaping the Military

9. Despite these diverse signs of their unhappiness with many of his security policies, Gorbachev probably does not face a concerted political challenge from the military or his colleagues. So far, he has had the initiative and has effectively employed his control of appointments to strengthen his position.

- o His success in pressing his security agenda has also been facilitated by the turnover of the political leadership since Brezhnev's death. The Politburo is dominated by Gorbachev allies.
- o The top leadership may now be less sensitive to military concerns. While many of the leaders from Brezhnev generation had close ties to the military or had served in the Second World War, only two current full members of the Politburo--Shcherbitskiy and KGB chief Viktor Chebrikov--served in the military.
- o Gorbachev has made key changes in the military leadership, including the naming three new service chiefs and one additional deputy minister, a new first deputy minister, and the head of the Main Political Administration.
- o Gorbachev has taken steps to replace top Brezhnev era defense managers--appointing new heads of the Council of Ministers' Military Industrial Commission and the party's Defense Industry Department.

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10. The political influence of the military has also eroded due to loss of its two most forceful spokesmen in 1984 with the death of Defense Minister Ustinov and the demotion of Marshal Ogarkov from Chief of the General Staff.

- o Ustinov's replacement, the 75-year old Marshal Sergey Sokolov, is not a politically influential figure, and only has candidate membership on the Politburo in contrast to his two predecessors who were full members.
- o General Staff Chief Akhromeyev is less assertive than his outspoken predecessor, Marshal Ogarkov.

Implications

11. The current level of skepticism over Gorbachev's approach among some civilian and military leaders is not sufficient to challenge Gorbachev politically in the short-term.

- o Gorbachev now commands a dominant position in the Politburo, having routed the Brezhnev old guard, and retains operational control over foreign policy.
- o His allies appear to have endorsed his strategy for dealing with the US and are willing to allow time for Gorbachev to demonstrate whether his strategy of holding down military spending to modernize the economy will work.

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Talking Points for the NSC

The New Soviet Foreign Policy Establishment

Summary: Since becoming party leader in March 1985, Mikhail Gorbachev has achieved considerable personal control over Soviet foreign policy decisionmaking and appears to have broad leadership support for his foreign policy strategy.

- His efforts have intensified since the Geneva summit and he has now largely succeeded in putting his own foreign policy team in place.
- Changes in Soviet foreign policy decisionmaking apparatus appear intended to provide the leadership with a broader array of information and policy options on security issues.
- Soviet willingness to introduce a number of bold proposals, particularly in the arms control arena, is a clear departure from past practice and indicates Gorbachev has considerable political latitude in pursuing his foreign policy objectives.

Revamping the MFA

1. Gorbachev inherited a rusty foreign policy decisionmaking apparatus that was ill-suited to dealing with the complex challenges now confronting Soviet foreign policy.

- Under Brezhnev and during the protracted succession period, Foreign Minister Andrey Gromyko gained unprecedented control over both the formation and implementation of Soviet foreign policy.
- Gromyko presided over a foreign policy apparatus that had undergone little change during his 30-year tenure as foreign minister and was increasingly ineffective in meeting new diplomatic challenges (INF, waning Soviet influence in the Third world).

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- There was growing concern among lower-level officials at the lack of strong policy direction from the top.

2. Gorbachev began his assault on the foreign policy establishment by ending Gromyko's tenure as foreign minister and moving him to the largely honorific post of president in July 1985.

- By replacing him with a novice in the foreign policy sphere--former Georgian party leader Shevardnadze--Gorbachev was better able to place his personal stamp on the direction of Soviet foreign policy.
- Gromyko's move and the subsequent reshuffling of foreign affairs personnel has greatly reduced his and the MFA's influence on foreign policy.

3. Gorbachev renewed his drive to reshape the MFA at an unprecedented gathering of the foreign policy establishment in May 1986.

- [redacted] Gorbachev was sharply critical of the MFA's past performance.

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- Gorbachev complained of the diplomatic corps' failure to transmit negative news back to Moscow, signaling out reporting on foreign reaction to Soviet arms control proposals as overly positive.
- The conference was implicitly critical of Gromyko's approach and called for a more pragmatic and flexible foreign policy.

4. In the wake of the conference, personnel turnover in the MFA accelerated, particularly in the area of East-West relations.

- Both First Deputy Ministers were replaced with men having extensive experience in East-West affairs, underscoring the high priority the leadership places on bilateral relations.
- Aleksandr Bessmertnykh, the former head of the Ministry's USA Department with 18 years experience in the US, was appointed Deputy Minister responsible for bilateral relations.
- New departments have been created to deal with arms control and human rights.

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Strengthening Party Control

5. Changes in the party Secretariat at the 27th Party Congress in March 1986 marked a new stage in Gorbachev's efforts to reshape the foreign policy apparatus.

- Anatoly Dobrynin, a career diplomat, was brought back from Washington to run the International Department replacing Boris Ponomarev who had served as its chief for 30 years.
- Vadim Medvedev replaced Brezhnev crony Konstantin Rusakov as head of the bloc relations department.
- Gorbachev's propaganda tsar Aleksander Yakovlev--an expert on US policy--was elevated to the Secretariat.

6. Gorbachev followed up by expanding the charter of Dobrynin's International Department. By most accounts the department has become Gorbachev's most important source of policy advice.

- Rather than dealing mostly with non-ruling communist parties and front groups, as it had done since its formation in 1955, it was given a broad role in all aspects of foreign policy.
- Former First Deputy Foreign Minister Korniyenko was appointed Dobrynin's assistant, adding another top US specialist to the party apparat.
- The creation of a new arms control sector headed by Lt. Gen. F. M. Starodubov, gave the department the expertise necessary to formulate its own views on the technical details of arms control, independent of the General Staff.
- Starodubov's appointment could be a step towards the creation of an NSC type structure in the Central Committee, that Gorbachev is reported to want. Such a staff would increase his ability to make the large Soviet foreign policy bureaucracy serve him.

7. The Secretariat's Propaganda Department has also assumed new responsibilities and launched a more sophisticated effort to garner a favorable Western response to Gorbachev's policy initiatives.

- It took over the function of the International Information Department, which was abolished, and now oversees both the internal and external propaganda.

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- [redacted]
- Under Yakovlev the Soviets have demonstrated a more nuanced public diplomacy. He appears to be giving new impetus to Moscow's efforts to court West Europe, and exploiting the differences between the US and its major allies as well as play more effectively on US opinion.

8. With these moves the center of gravity for foreign policy formulation has shifted from the MFA to the Secretariat.

[redacted] under Shevardnadze the Foreign Minister has become more of an implementer than the architect of Soviet foreign policy.

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- As MFA press spokesman Genadiy Gerasimov recently acknowledged, the International Department not the MFA is now the nerve center of Soviet foreign policy.
- Dobrynin is acting more and more like a shadow foreign minister. [redacted] Dobrynin is the key player in forming US-Soviet policy. His high profile and wide-ranging activities indicate that he has a central role in all aspects of Soviet foreign policy.
- Yakovlev also continues to serve Gorbachev as a key foreign policy advisor. The recent appointment of Yuri Sklyarov as Chief of the Propaganda Department is reportedly designed to leave Yakovlev free to concentrate on larger issues--including possible summit preparations.

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Other Players

10. Beyond the formal party and governmental bureaucracy, the General Secretary has other sources for policy advice, some of which represent important groups whose views cannot be easily discounted. Gorbachev has enhanced his own role in decisionmaking by acting as the chief arbiter among these competing centers.

- Through his Politburo membership and his unique expertise on US-Soviet relations, Gromyko can play a role in foreign policy, possibly serving as a focal point for opposition.
- Although civilians now appear to be playing a larger role, military views still carry considerable weight in developing arms control positions.
- The KGB plays a major role in acquiring and analyzing data relevant to foreign policy decisions.

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- Gorbachev's personal staff plays a key role in foreign policy decisionmaking by drafting speeches and coordinating materials from other key players. Gorbachev recently appointed Anatoly Chernayev as his foreign policy expert, replacing Andrey Aleksandrov-Agentov, who was the key foreign policy advisor to Brezhnev, Andropov and Chernenko.
- A number of foreign policy institutes are also playing an important role in supplying analysis to policymaking. While their role in the policy process is indirect--institute leaders such as Georgiy Arbatov (head of the Institute of USA and Canada) can become more directly involved in policymaking as a result of their consulting activities for key leaders.

Conclusions

11. The changes in the foreign policy apparatus over the past year should provide Gorbachev more creative options with which to achieve his objectives, and put him in a better position to set the agenda. The Politburo, however, remains the place where final decisions on all important issues in Soviet foreign affairs are hammered out, and domestic constraints may prevent Gorbachev from implementing some of his ideas.

- Many of the changes Gorbachev has instituted are designed to ensure that the foreign policy apparatus will be more responsive to the top and that he will receive a wide range of advice.
- Advancement of Americanists in the MFA and Secretariat suggests that Gorbachev will be getting better advice about the US than any of his predecessors.
- While the General Secretary cannot unilaterally impose decisions on the Politburo, he appears to have gotten general approval for his foreign policy strategy, has effective operational control over the decision-making apparatus, and has considerable latitude in pursuing agreed objectives.

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Central Intelligence Agency



Washington, D. C. 20505

SOVA/SPD

2 October 1986

MEMORANDUM

SUBJECT: Gorbachev's Goals at the Reykjavik Meeting

While it is obvious that Gorbachev hopes that his personal engagement of the President might lead to major substantive movement by the US on key arms control issues, it must be far from obvious to Gorbachev that the President will accommodate him.

-- From Moscow's perspective, the most likely areas of possible agreement are a framework INF agreement (i.e. an agreement on a mutually acceptable outcome with the details to be worked out in Geneva), an accord on Risk Reduction Centers, and possibly an agreement on banning chemical weapons. In each of these areas, US and Soviet positions have moved closer to one another in recent months.

Gorbachev's optimal goal for the Reykjavik meeting would be to further solidify the prospects for an INF agreement complemented with additional understandings on either nuclear testing or an agreed formula for continuation of SALT-related constraints, however characterized. He probably does not realistically anticipate that a formula for continued adherence to the ABM Treaty or on SDI research constraints can be achieved at the Reykjavik meeting. At best, he is probably hoping that the President might agree in principle to continue a dialogue on extending or non-withdrawal from the ABM Treaty. Likewise, Gorbachev will probably defer discussion of reductions of offensive nuclear arms pending US movement on the ABM Treaty issue or possibly nuclear testing.

A framework INF agreement in particular would be attractive to Moscow because it would serve the goal of encouraging European expectations of early progress on an issue close to home, thus potentially increasing the pressure on the US for compromise on the technical aspects of an accord such as verification while promoting the image of a more benevolent Soviet security posture toward West Europe. Gorbachev may thus view the Reykjavik meeting as an opportunity to bargain with the President on the remaining major issues of dispute on INF--Asian reductions and limits on shorter range systems--arguing that an INF accord coupled with agreement on secondary issues would allow for an early summit in Washington.

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While such a package may be enough from Moscow's perspective to justify the Reykjavik meeting, Gorbachev's public and private statements have repeatedly cited ABM/SDI issues and nuclear testing, in addition to INF, as central to Soviet deliberations on a summit. Despite the recent progress on INF, therefore, Gorbachev's agenda in Reykjavik will be to press the President hard on additional issues such as the ABM Treaty, SDI research, nuclear testing and future US policy on SALT restraints.

Given Gorbachev's presumed interest in bargaining directly with the President, it is also possible that Gorbachev may offer new ideas or surprise initiatives on each of these issues.

- Such surprises might include proposing to ban all ABM systems (an idea voiced by Foreign Minister Shevardnadze during his conversations with Secretary Shultz), an expression of interest in agreed limits on strategic nuclear force levels (including US cruise missiles) even if certain SALT-defined limits are exceeded by the US, or a proposal for a low threshold nuclear test ban instead of a total ban.

Gorbachev's purpose in such probing would be to gauge the President's underlying flexibility in addressing stated Soviet concerns. In this regard, public and private Soviet commentary has suggested strongly that the Soviets perceive significant divisions within the US Administration on a number of arms control issues. The US-Soviet arms negotiations in Geneva as well as the recent set of nuclear experts talks in Moscow and Washington may have led Gorbachev and his colleagues to conclude that expert-level negotiations are, in effect, hostage to US bureaucratic politics. In response, Gorbachev will try to elicit the President's own views on the possibilities for compromise in order to better gauge his own policy options not simply with respect to summitry, but with regard to continuing Moscow's nuclear test moratorium, Soviet commitment to SDI-type research programs, and other military programs potentially subject to arms control understandings.

Gorbachev may have relatively little to say on regional and bilateral issues, although Foreign Minister Shevardnadze stated on 1 October that the talks could include discussions of Afghanistan. His recent public and private statements suggest that he is most concerned with bilateral strategic arms issues.

- He probably anticipates that the President will raise questions related to Soviet arms control compliance but Gorbachev will almost certainly seek to defuse these by downplaying their importance.
- Similarly, he probably anticipates that the President will raise human rights issues. Gorbachev will no doubt seek to deflect the issue without appearing contemptuous.

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Nevertheless, Gorbachev will probably not want to appear combative in view of his presumed interest in convincing the President that compromise on outstanding issues is possible. To this end, he will probably not dismiss out of hand contentious issues.

- On compliance, he may seek to appear responsive to the President by offering to discuss on-site inspection in the context of future arms control accords, while rejecting contentions of past Soviet cheating.
- On human rights, he may offer movement on such issues as divided families, while stressing that arms issues should be the main focus for the Reykjavik meeting.

What Could Go Wrong?

The Reykjavik meeting could carry some domestic political risk for Gorbachev if its results made Gorbachev appear either to be embarrassed personally or weak in the face of a determined and uncompromising US President. Substantively, however, the Reykjavik meeting would appear to entail relatively low risk for Gorbachev; the persistence of continued disagreement on central issues would affect the issue of a summit but would probably not saddle Gorbachev in the eyes of his Kremlin colleagues with the onus for failing to make progress. Indeed, if the Reykjavik meeting should somehow prove disappointing to Moscow, the Soviets will no doubt seek to lay the blame at Washington's feet for lack of progress in arms control, claiming that Washington's allegedly uncompromising position on such issues as nuclear testing had derailed the summit and was forcing Moscow to consider resumption of nuclear testing once its unilateral moratorium expires in January.

It is more likely, however, that Gorbachev expects a mixed outcome from the Reykjavik meeting without radical concessions on either side. The appearance of continued dialogue, from Moscow's perspective and from Gorbachev's personal political perspective, would allow for continued Soviet maneuvering on the summit issue. Moscow's strategy in this regard appears to be to exact as high a price as possible from Washington for a second summit while keeping open the option of a more modest substantive agenda for such a meeting if the President appears willing to enter into a bargaining process on nuclear arms issues, including INF, and if Moscow judges, therefore, that the process of summitry itself will facilitate the continued evolution of US positions.

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EXCERPTS FROM THE PRESIDENT'S 27 MAY
DECISION ON MUTUAL RESTRAINT

"...I have determined that, in the future, the United States must base decisions regarding its strategic force structure on the nature and magnitude of the threat posed by Soviet strategic forces, and not on standards contained in the SALT structure.

"...As we modernize, we will continue to retire older forces as our national security requirements permit. I do not anticipate any appreciable numerical growth in US strategic offensive forces. Assuming no significant change in the threat we face, as we implement the strategic modernization program the United States will not deploy more strategic nuclear delivery vehicles than does the Soviet Union. Furthermore, the United States will not deploy more strategic ballistic warheads than does the Soviet Union.

"In sum, we will continue to exercise the utmost restraint, while protecting strategic deterrence, in order to help foster the necessary atmosphere for significant reductions in the strategic arsenals of both sides...I call on the Soviet Union to seize the opportunity to join us now in establishing an interim framework of truly mutual restraint" (emphasis in text).

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Washington, D.C. 20505

2 October 1986

Allied Expectations for the Reykjavik Meeting

Allied publics and governments in Western Europe and the Far East overwhelmingly welcome the Reagan-Gorbachev meeting in Iceland. Allied publics in particular will be looking to the meeting for confirmation of a thaw in US-Soviet relations. In West European eyes, maintaining momentum in the arms control process is as important as the content of any agreement. Expectations now focus largely on INF.

- European publics will be satisfied if the two leaders appear to be having a serious and friendly dialogue, and if plans are announced for a follow-up summit in the United States.
- Any announcement of concrete progress toward achieving an agreement in one of the arms control forums would be an added plus.
- A statement indicating US willingness to exercise restraint in strategic force deployments also could have as favorable an impact on public opinion as a new arms control agreement. [redacted]

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A positive tone to the meeting and subsequent Summit could provide a significant boost to several governments.

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This memorandum was prepared by the Office of European Analysis and the Office of East Asian Analysis. [redacted]

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-- In the context of the Korean peninsula, South Korea presumably would welcome US emphasis on the need for Moscow's North Korean ally to resume the North-South dialogue. With the 1988 Olympics in Seoul on the horizon, President Chun also is concerned that the Soviets not only give a favorable public view of stability on the peninsula, but also attend the Games.

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On the negative side, we believe that public expectations for the meeting probably are overly high, and will certainly grow if rumors spread over the next week that an agreement to limit INF is imminent.

-- If a framework for an INF agreement is not achieved, disappointed expectations would reduce the meeting's positive impact on public opinion by focusing press commentary on the reasons for lack of progress toward an agreement.

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If West European leaders and politicians suspect an INF agreement is imminent, they may well issue optimistic statements next week speculating about the impact of an agreement on deployments in their countries.

-- Such statements could weaken the US bargaining position and increase future pressures on Washington to achieve an INF accord.

-- Dashed optimism could also reopen a debate in the Netherlands about whether initial deployments should proceed at all.

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Allied governments will want to be kept informed of preparations for the meeting. Despite the general desire for an INF accord, there is considerable nervousness about its terms, and a number of officials have warned that any agreement must not overlook Allied interests.

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- No basing country wants an agreement that could prompt another European debate over US SRINF deployments or replacing withdrawn Pershing IIs with Pershing I-Bs.
- All of the basing countries also worry that the number of INF warheads in Western Europe might fall so low as to reopen a debate about reallocation of missiles among the basing countries.

[REDACTED]

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- Seoul [REDACTED] would worry that an agreement favoring Europe would fuel domestic criticism that the US sees Korea as merely a pawn in its global strategy. [REDACTED]

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30 September 1986
EURA/SID

Likely Allied Reactions to an Interim INF Agreement

Any INF agreement leading to a reduction of the number of Pershing IIs and GLCMs in Western Europe would be immensely popular and would vindicate those governments which expended much political capital by endorsing deployments.

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Allied governments will want to be kept informed of preparations for the meeting. Despite the general desire for an INF accord, there is considerable nervousness about its terms, and a number of Allied officials have warned that any agreement must not overlook Allied interests.

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- No basing country wants an agreement that could prompt a debate over US SRINF deployments or replacing withdrawn Pershing IIs with Pershing I-Bs.
- All of the basing countries also worry that the number of INF warheads in Western Europe might fall so low as to reopen a debate about reallocation of missiles among the basing countries. From their standpoint, there should be enough warheads deployed to permit basing in all five basing countries.

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Washington, D. C. 20505

DIRECTORATE OF INTELLIGENCE

8 October 1986

China's Response to Gorbachev's Speech [redacted]

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Summary

We believe China will seize the opportunity presented by Gorbachev's Vladivostok speech to push for further Soviet concessions, to increase Chinese leverage with the United States, to explore ways to reduce the Soviet threat to China, and to sow concern in Hanoi about the reliability of Soviet support. Domestically, Deng may see an opportunity to set the course for China's relations with the USSR before he hands over power to his successors, leaving them free to focus on the reform program. [redacted]

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In our judgment, China has not changed its fundamental assessment of the Soviet threat--nor is it even reevaluating it. By publicly calling for Soviet concessions on Cambodia, Beijing has placed a constraint on how far it can go with Moscow and tried to reassure Washington. In responding to Gorbachev, we believe Beijing will attempt to probe for and encourage additional concessions from Moscow without alarming the United States and China's Asian friends or allowing Moscow to exploit a Sino-Soviet dialogue to enhance Soviet leverage in the

This memorandum was prepared by [redacted]
[redacted] Office of East Asian Analysis. Information available as of 8
October 1986 was used in its preparation. [redacted]

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triangle. In keeping with its "independent foreign policy," moreover, China will continue to send mixed signals in its press commentary on both Soviet and US actions. [redacted]

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At the ninth round of bilateral normalization talks that began in Beijing on 6 October, we believe Beijing, in addition to pressing on Afghanistan and Cambodia, is pushing Moscow to:

- Withdraw the majority of Soviet troops from Mongolia.
- Pull back troops from its border with China.
- Reduce SS-20s deployed in the Soviet Far East.
- Curtail reconnaissance flights against China through North Korean airspace.
- Relinquish Chimnaya/Heixiazi Island across from Khabarovsk. [redacted]

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In our judgment, significant Soviet concessions in at least one area could induce China to make one or more of the following counter-concessions:

- Conclude a mutual nonaggression pact with Mongolia.
- Agree to confidence-building gestures along its northern border.
- Set dates for foreign ministerial talks.
- Increase working-level exchanges and consultations. [redacted]

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In fact, the Chinese have already agreed in principle to resume border talks suspended since 1978 and last month allowed visiting Soviet First Deputy Premier Talyzin to meet with Premier Zhao Ziyang. [redacted]

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We believe the Chinese will continue to rebuff Soviet efforts to reestablish party ties and will not agree to a summit between Gorbachev and either preeminent Chinese leader Deng Xiaoping or General Secretary Hu Yaobang prior to significant Soviet concessions on Cambodia. China is in the process of normalizing party relations with Eastern Europe--a move apparently sanctioned by Moscow in the hope of facilitating possible normalization of Sino-Soviet party ties later--to promote Chinese influence in the region at Moscow's expense. The Chinese also will continue to expand defense and economic ties with the United States. [redacted]

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Beijing's Soviet Policy on the Eve of Gorbachev's Speech

In the months preceding Gorbachev's speech on 28 July, the Chinese increasingly exhibited signs of frustration with Moscow's refusal to follow up its smooth rhetoric with concessions on any of what China calls the "three obstacles" to improved relations: Soviet support for Vietnam's occupation of Cambodia, the Soviet presence in Afghanistan, and the deployment of Soviet troops in Mongolia and along the Sino-Soviet border. Beijing last year tried to encourage Gorbachev to reassess Moscow's hardline policies toward China's security concerns by agreeing--without corresponding Soviet concessions--to resume long-suspended trade union and parliamentary relations and to exchange visits by their foreign ministers in 1986. We believe these moves were also designed to increase Beijing's leverage with Washington. 

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Moscow's continued intransigence at the last three biannual Sino-Soviet consultations and its blatant efforts to exploit the impression of improved Sino-Soviet ties to enhance its position vis-a-vis Washington, however, caused Beijing to brand Gorbachev's foreign policy as meaningless "smile diplomacy" and to back away from the exchange of foreign ministers. We believe Beijing chilled political relations for two reasons. First, the Chinese wanted to remind Moscow that the Soviets must address at least one of the "three obstacles" if gradual normalization of relations were to continue. At the same time, the Chinese sought to reassure the United States, Thailand, Pakistan, and others that China remained committed to resisting the security threat posed by the USSR and its Asian allies. 

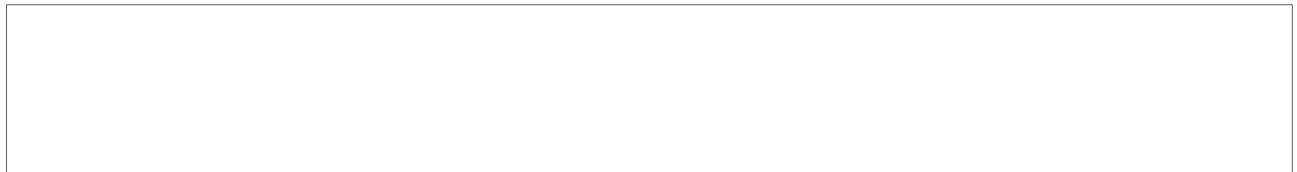
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Indeed, Soviet military developments prior to Gorbachev's speech did little to persuade Beijing that Moscow had altered its long-term strategy of encircling China. Although Gorbachev has not deployed any new ground forces or SS-20s in the Far East, he has markedly stepped up reconnaissance flights targeting the Chinese coast, expanded the Soviet Pacific Fleet, and upgraded Soviet airpower in the region. 

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Gorbachev's Proposals

In his speech given in Vladivostok on 28 July, Gorbachev made the following new proposals concerning China:

- The Soviet Union will withdraw six regiments from Afghanistan by year's end.
- Moscow is ready to discuss "concrete steps" to reduce land forces along the Sino-Soviet border.
- Soviet and Mongolian leaders are examining the removal of a "substantial part" of what we believe to be approximately 60,000 Soviet troops in Mongolia.
- The Soviet Union and China could cooperate in space exploration.

Gorbachev once again:

- Proposed bilateral discussions "any time, and at any level" on improving relations.
- Suggested the official boundary on the Amur River might pass along the main shipping channel instead of the Chinese bank. (Although this is the first time Moscow has publicly proposed this boundary formula, the Soviets did so privately as early as 1964.)
- Resurrected his call last year for a Helsinki-style Asian security conference.
- Reiterated Soviet willingness to establish a rail link between Soviet Kazakhstan and Chinese Xinjiang.
- Endorsed already-begun bilateral negotiations to jointly develop the Amur River Basin.

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Factors Governing China's Response

Public [redacted] statements by senior Chinese officials indicate that Beijing sees Gorbachev's proposals as failing to address China's top security concerns--Vietnam's efforts to expand its influence at China's expense and Soviet efforts to encircle China militarily. Chinese strategic thinkers have also stressed in private conversations with Americans that China's assessment of the Soviet threat has not changed. [redacted]

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Nonetheless, we believe China has compelling reasons to begin a dialogue with Moscow on Gorbachev's proposals. In our judgment, Beijing believes further marginal improvements in Sino-Soviet relations would:

- Buy time for China to modernize its forces along the border. Beijing is in the process of implementing a new defense strategy that it believes requires at least a decade of reduced tensions to become completely credible.
- Stimulate competition between Moscow and Washington to woo Beijing.
- Increase tension in Soviet-Vietnamese relations, a major Chinese goal, by playing on Hanoi's fear of being sold out by Moscow. Vietnam periodically dispatches delegations to Moscow to seek reassurances of Soviet support.
- Assist domestic political goals. [redacted]

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At the same time, Beijing is well aware that too positive a response to Gorbachev's proposals could jeopardize its access to US, Japanese, and Western European advanced technology, investment, trade, and defense cooperation--major Chinese political goals. Nor does Beijing want to signal its friends and enemies in Southeast and South Asia that it might reconsider its stand on Cambodia and Afghanistan. Therefore, we believe China will attempt to:

- Encourage Soviet flexibility while continuing to criticize on the three obstacles and other security issues.
- Probe for major Soviet concessions on the three obstacles and China's northern boundary.
- Reassure Washington of China's pro-Western tilt, but implicitly try to exploit its option of playing the "Soviet card" to extract concessions from the United States on Taiwan or other bilateral issues such as trade and technology transfers.
- Reduce Moscow's ability to play the "China card" against Washington.
- Keep Thailand and Pakistan from wavering on Cambodia and Afghanistan. [redacted]


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Domestic Fallout from the Gorbachev Speech

Deng and his reform allies can gain in two areas from some further relaxation in Sino-Soviet relations, in our view. First, any reduction in tensions tends to benefit China's economic modernization program. Second, progress on the issue should smooth the transition to power for Deng's successors. 


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We believe Deng has designed many of China's foreign policy initiatives, most notably closer relations with the West, to support his economic reforms. Consequently, although he distrusts the Soviets, Deng would probably be willing to be more flexible if he believes he can win real Soviet concessions that can help his modernization goals. Avoidance of border tensions allows a more measured pace of military modernization and frees transport, manpower, and other resources. Deng may also hope to expand exports of goods China cannot trade elsewhere and gain further Soviet assistance in modernizing Soviet-built factories. 

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On the political front, Deng may see an opportunity to set China's Soviet policy before he hands power over to his successors. We believe that Deng has kept foreign policy issues closely under his own control, relying on his personal prestige and influence to manage this sensitive area. Deng's successors will not have his personal clout and therefore might be more vulnerable to groups that either have a different foreign policy orientation or seek to exploit foreign affairs for domestic political ends. The more Deng can stabilize relations with Moscow and win agreement on how to proceed, the more likely we believe his successors will be able to carry on the reform program with a minimum of distraction. 

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In our estimation, Deng's conservative opponents, who argued last year for a more flexible approach to the Soviets, cannot capitalize politically on Gorbachev's initiatives. We believe that recent political developments have greatly weakened the conservatives--especially those at the top--and have made it increasingly unlikely that the conservatives will be able to challenge Deng. In any case, it is our judgment that the conservatives are suspicious of both the United States and the Soviet Union. Thus, while there is some support among the conservatives for more distant relations with Washington, we also see very little active pressure for closer political relations with Moscow. 

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Possible Chinese Responses

We believe the Chinese will use scheduled contacts over the next several weeks to seek further indications of Soviet intentions, but the ninth round of vice foreign ministerial normalization talks in Beijing that began on 6 October provides the best venue to engage the Soviets in a meaningful dialogue on Gorbachev's proposals. Outlined below is our speculation about what the Chinese may be saying and why.

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Security issues. Remarks by Chinese strategic thinkers support our judgment that China is not satisfied with Gorbachev's implicit pledge to freeze the number of SS-20s in the Far East or his explicit promise not to relocate in the region any SS-20s that might be removed from Europe. We believe the Chinese are pressing for their total withdrawal. China probably is also protesting overflights of North Korea by Soviet reconnaissance planes targeting the Chinese coast, Moscow's expansion of its Pacific fleet, and the upgrading of Soviet airpower in the Far East.

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We nevertheless believe that the Chinese view Gorbachev's offer to withdraw troops from Mongolia and the Sino-Soviet border as an important unilateral gesture. If the Soviets commit themselves to withdraw one or more of their five divisions in Mongolia--a move that would not jeopardize Soviet or Mongolian security--Beijing could reciprocate in a number of ways without compromising its own security. Chinese options include:

- Announcing the "deactivation" of the 69th Field Army opposite Mongolia (we believe this unit was secretly deactivated last September).
- Agreeing to warn each other of military exercises or major troop movements near the Sino-Mongolian border.
- Pulling back tank regiments from selected border defense divisions along the Mongolian frontier.

If the Soviets go beyond a token withdrawal and pull back most if not all of their forces from Mongolia, we believe the Chinese would be willing to go further, perhaps signing a friendship treaty with Mongolia renouncing any claim to Mongolian territory and serve as a de facto mutual nonaggression pact--something the Soviets have been seeking.

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We believe a Soviet proposal to negotiate some sort of demilitarized zone along the Sino-Soviet border would be far less attractive to China than deactivation of Soviet divisions. Beijing has always expressed greater concern about the number of Soviet divisions in the Far East than about their proximity to the Chinese border. Nonetheless, if the Soviets offered to pull back all regular ground units 30 kilometers from the border, China, in our judgment, could respond by transferring northern border security duties from the PLA to the People's Armed Police. China's major PLA border units are already deployed 100 kilometers back, leaving small border defense regiments as the only forces within 30 kilometers of the frontier.

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Expanded Political Contacts

China's cautious response to Gorbachev's initiative comes amidst a flurry of high-level exchanges with the Soviet Union and Mongolia that we believe is a combination of earlier scheduling, Chinese interest in Gorbachev's proposals, and Moscow's desire to portray Sino-Soviet relations as improving:

- Soviet First Deputy Premier Arkhipov arrived in China for "acupuncture treatment" on the eve of Gorbachev's speech and met with Vice Premiers Li Peng, Wan Li, and Yao Yilin before returning to Moscow on 26 August. According to a Western press account, Arkhipov presented the Chinese with an advance copy of the speech.
- Vice Foreign Minister Liu Shuqing proceeded with a long-scheduled trip to Mongolia--the highest-level Chinese visit to that country in over 20 years--which culminated in the signing of a consular treaty on 9 August. This treaty is consistent with similar agreements Foreign Minister Wu Xueqian signed in Berlin and Budapest in late spring, but takes on added significance because it follows on the heels of Gorbachev's Mongolian overture, which the two sides also discussed.
- Beijing Mayor Chen Xitong began a two-week visit to Moscow 17 August, the first such mayoral visit since the 1950s.
- Soviet Deputy Premier and Alternate Politburo member Talyzin, accompanied by Deputy Foreign Minister Rogachev, visited China in early September as Yao's guest. Talyzin also was received by Premier Zhao Ziyang and left Beijing with a new consular agreement and an accord to expand ties between Soviet and Chinese state planning commissions.

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- Wu and Soviet Foreign Minister Shevardnadze held the third annual Sino-Soviet foreign ministerial meeting at the opening of the UNGA in September. They agreed in principle to resume border talks next year, but did not schedule reciprocal visits.

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- President Li Xiannian hosted Polish leader Wojciech Jaruzelski for a 3-day working visit to Beijing in late September. Jaruzelski also met with Deng Xiaoping, Party General Secretary Hu Yaobang, and Zhao. Li, Hu, and Zhao accepted invitations to visit Poland and Li invited Jaruzelski to make an official visit to China, but the two sides stopped short of announcing a full normalization of party ties.
- Hu and Li will host an official visit to China by East German General Secretary and President Honecker in late October. Honecker's and Jaruzelski's visits to China--the first such trips in many years by Soviet bloc party leaders other than Romania's Ceausescu--and the progress toward normalization of party ties most likely signal similar developments with other East European Communist parties. Beijing sees these visits as leading to increased Chinese influence in East Europe, but Jaruzelski's and Honecker's party position and the certainty that Moscow has approved their trips nonetheless give the visits a Sino-Soviet focus as well.
- Rogachev is now in Beijing as head of the Soviet delegation to the ninth round of Sino-Soviet vice ministerial normalization talks.

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Boundary Talks. Wu and Sherdardudze announced at their UNGA meeting in September that China and the USSR next year will reopen formal border negotiations, which broke down in 1978 after Beijing publicly insisted on Soviet withdrawal from disputed areas and added a new demand that Moscow reduce its forces along the Sino-Soviet border to the level of Khrushchev's time. Gorbachev's hint that Moscow would accept the deepest channel (thalweg) of the Amur River as the line of demarcation holds out the promise that China would exercise sovereignty over most of the disputed islands in the river. Ownership of Chimnaya (Heixiazi) Island opposite Khabarovsk, however, is likely to be a sticking point, and any negotiations on the border are likely to be protracted as both parties weigh the impact on disputes with other nations.

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Amur River Basin and Railway Cooperation. China earlier this year reopened to Soviet shipping the port of Tongjiang on the Songhua River near the Amur, and we believe the two sides will sign an agreement on use of the basin based on their recent expert-level negotiations. China has announced that it plans to extend the Harbin-Longzhen railway 240 kilometers to Aihui on the Amur River and might cooperate with the Soviets in building a rail bridge across the Amur between Aihui and Blagoveshchensk to facilitate border trade. In the west, China plans to add some 400

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kilometers to the single-track Lanzhou-Urumqi railway, extending it to within 80 kilometers of the Soviet railway terminus at Druzhba. We would not be surprised if Beijing accelerated its construction schedule and agreed to connect the two railways as a sign of goodwill to Moscow. []

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Areas Where Beijing is Unlikely to Accommodate Moscow

Beijing has stated it will not compromise with Moscow on Afghanistan and Cambodia, and we believe China will hold significant improvements in political relations--such as party ties and a Deng/Hu-Gorbachev summit--hostage to meaningful Soviet movement on these "obstacles." In an interview with Mike Wallace of "60 Minutes" in early September, Deng offered to travel to Moscow to meet with Gorbachev if--but only if--the Soviets withdraw their support for Vietnam's occupation of Cambodia. []

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China probably calculates that even the hint of China's flexibility on these issues would greatly harm its credibility with the United States, and such Asian friends as Pakistan and Thailand. Moreover, we believe the Chinese will attempt to assuage their friends' natural suspicions of any Sino-Soviet border agreement, and may couple progress in one area with stepped-up criticism of Soviet activity elsewhere, especially Cambodia and Afghanistan. We expect the Chinese to reject Gorbachev's proposed Asian security conference, as they have in the past. Beijing also will not, in our view, agree to forswear the option of strategic cooperation with Washington against Moscow. []

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Finally, Beijing's pride in its own space-launch capabilities most likely will keep China from taking Gorbachev up on his offer to join the ranks of Mongolia, Cuba, and various East European satellites as a junior partner in the Soviet space program. The Chinese, moreover, have already expressed interest in a US invitation to participate in a future space shuttle mission. []

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Positive Signals China Can Send in Other Areas

Even if the Chinese rule out concessions specifically linked to Gorbachev's proposals on the grounds that Gorbachev merely responded to earlier Chinese gestures, they could nevertheless reward Gorbachev and encourage further Soviet concessions in other ways. Possible moves might include:

- Increasing consultations between working-level officials on international issues, including relations with the United States.
- Regularly exchanging views [] between think tank experts on economic development and foreign policy issues.
- Proceeding with the exchange of foreign ministerial visits.
- Exchanging visits by editors of Pravda and People's Daily. []

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Without significant progress on Cambodia, however, we believe the Chinese will not agree to a summit between Gorbachev and Deng Xiaoping or Hu Yaobang. Such a move would be too close to a resumption of party ties, which Beijing probably believes would give the Soviets excessive leverage within the strategic triangle while undermining China's credibility as an independent actor in both the West and in the Third World. [REDACTED]

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Outlook for the Remainder of 1986

We expect the Chinese to try to use Gorbachev's initiative to encourage US concessions on Taiwan, trade, and technology transfer. But Chinese officials in private probably will take pains to reassure the United States and others of China's continued goodwill. Beijing, in our judgment, will exploit the "coincidental" timing of Defense Secretary Weinberger's and Gorbachev's visits and the fact that US Navy warships in November will make their first port call to China to press the Soviets for concessions on Chinese security concerns and to balance any improvements in relations with Moscow. China will also closely monitor developments in US-USSR relations as a possible full-blown Reagan-Gorbachev summit approaches, out of concern that Beijing may be caught behind the curve. Finally, in keeping with its "independent foreign policy," China will continue to send mixed signals in its press commentary on both Soviet and US actions. [REDACTED]

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SUBJECT: Possible Chinese Responses to Gorbachev's Speech

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